

**MINUTES
BOARD OF TRUSTEES OF THE
INDIANA STATE TEACHERS' RETIREMENT FUND
150 West Market Street, Suite 300
Indianapolis, Indiana 46204**

August 26, 2008

BOARD RETREAT

Board Members Present

Dave Adams, President
Don Bennett, Vice President
Ryan Kitchell, Trustee
Greg Hahn, Trustee
Steve Overmyer, Trustee

Board Members Absent

Cari Whicker, Secretary

Others Present

Dave Huffman, PERF Chief Information Officer/Deputy Director

TRF Staff Present

Steve Russo, Executive Director
Eric Wright, General Counsel
Tim Walsh, Chief Investment Officer
Julia Pogue, Chief Financial Officer
Erin Hankins, Executive Assistant
Bethaney Matlock, Legal Administrator
Molly Deuberry, Director of Outreach and Communications
Steffanie Rhinesmith, Investment Officer
Bryan Martin, Investment Consultant
Phil Barnes, Investment Officer

Meeting called to order at 9:00 a.m. by President Adams.

I. Opening Remarks

Mr. Adams introduced and welcomed Mr. Hahn as TRF's newest Board member.

II. Approval of Minutes

MOTION duly made and carried to approve the minutes from June 24, 2008 Board of Trustees meeting.

Proposed by: Ryan Kitchell
Seconded by: Don Bennett
Votes: 5 in favor, 0 opposed, 0 abstentions

III. Old Business

• Information Technology (IT) Update

Steve Russo presented the IT update to the Board. The discussion included the progress made since the June Board meeting including: the executed short-term IT Shared Services MOU with PERF, the executed contract with Ernst & Young for consultation on long term options for shared PERF/TRF IT services, and the completed IT business system planning project with KPMG. Mr. Russo also stated that a preliminary joint PERF/TRF business application software implementation timeline has been developed, TRF is near completion with the ASA record-keeper contract, and PERF/TRF issued an RFP for financial/accounting, employer reporting, data reconciliation, and HR software applications.

Dave Huffman presented the IT Business Systems Study Financial Assessment to the Board on behalf of KPMG. Mr. Huffman discussed the long term IT plan, near term objectives, wage and contribution requirements, the 2009 planned IT organization, and answered questions from the Board.

IV. New Business

• Financial Update and Investments

Financial Update

Julia Pogue presented the Financial Update to the Board. Ms. Pogue discussed the financial highlights for June 2008 and July 2008. Ms. Pogue recommended a reclassification of budget expenses between investment income and investment fees. Mr. Adams suggested that Ms. Pogue discuss her recommendation with State Board of Accounts prior to an adoption of the recommendation. Ms. Pogue agreed that the State Board of Accounts should be consulted before board action is taken. The budget reclassification recommendation will be revisited at a future Board meeting.

Investments Update

A. Current View of Portfolio

Mr. Walsh introduced Scott Seidle, Senior Director of Investments for Purdue University. Mr. Seidle presented a brief overview of Purdue investments and entertained questions from the Board. Mr. Walsh introduced the TRF investment staff, presented the Board retreat agenda, and discussed the investment staff's vision for the Plan.

B. Guest Speaker PIMCO

Mrs. Rhinesmith introduced Executive Vice President Sabrina Callin and Executive Vice President Stephanie King from PIMCO. Ms. King and Ms. Callin reviewed their portable alpha presentation with the Board.

C. Guest Speaker Bridgewater

Mrs. Rhinesmith introduced Portfolio Strategist, Robert Zink and Sr. Client Advisor Brian Lawlor from Bridgewater. Mr. Zink and Mr. Lawlor reviewed their Bridgewater presentation titled 'A Different View' with the Board.

D. Callan Presentation

Mr. Walsh introduced Sr. Vice President and Sr. Consultant Ken Brunke and Sr. Vice President and Manager Kevin Dolsen from Callan & Associates. Mr. Brunke and Mr. Dolsen gave a brief overview of their consulting firm and then discussed their presentation with the Board regarding process review and plan sponsor trends.

E. Alternatives Asset Class Discussion

Mr. Walsh and Mr. Dolsen discussed the Real Assets and Absolute Return presentations and entertained questions from the Board.

F. Guest Speaker Morgan Stanley

Mr. Walsh introduced Thomas Weaver, Managing Director for Morgan Stanley. Mr. Weaver gave a brief overview of his investments career and discussed his presentation regarding governance with the Board.

G. Asset Allocation Discussion

Mr. Walsh, Mr. Brunke, and Mr. Dolsen discussed the Asset Allocation Alternatives presentation with the Board. Mr. Walsh recommended the Board approve allocating 1% to the Commodities asset class, 2% to the TIPS asset class, and 3% to the non-US Fixed Income asset class.

MOTION duly made and carried to approve allocating 1% to the Commodities asset class, 2% to the TIPS asset class, and 3% to the non-US Fixed Income asset class with the understanding that the funds come from US Equity asset class.

<i>Proposed by:</i>	<i>Ryan Kitchell</i>
<i>Seconded by:</i>	<i>Don Bennett</i>
<i>Votes:</i>	<i>5 in favor, 0 opposed, 0 abstention</i>

H. Implementation

Mr. Walsh discussed the implementation timeline and Plan presentation with the Board. Mr. Walsh noted that he is going to research PERF's real estate RFP and present a report at the October Board meeting. Mr. Walsh reviewed the current manager watch list with the Board and recommended removing certain managers from the watch list and placing additional managers on the watch list.

MOTION duly made and carried to approve removing certain managers from the watch list and placing additional managers on the watch list.

<i>Proposed by:</i>	<i>Dave Adams</i>
<i>Seconded by:</i>	<i>Don Bennett</i>
<i>Votes:</i>	<i>5 in favor, 0 opposed, 0 abstention</i>

V. Closing Remarks

Mr. Adams thanked the Board members, TRF staff, and consultants for today's presentations.

VI. Date of Next Meeting

October 28, 2008 at 10:00 a.m.

VII. Adjournment

Adjourned at 4:15 p.m.